

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

This short form prospectus is a base shelf prospectus that has been filed under legislation in all provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of the securities.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and thereby only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws. Accordingly, subject to certain exceptions, these securities may not be offered or sold in the United States of America or to, or for the benefit of, U.S. persons. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Manager, Investor Relations of Northland Power Inc. at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, Canada, M4V 3A1, Telephone: (647) 288-1438, and Fax: (416) 962-6266, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue

March 16, 2012



NORTHLAND POWER INC.

\$500,000,000

Common Shares

Preferred Shares

Debentures (unsecured)

Subscription Receipts

Northland Power Inc. ("**Northland**") may offer to the public from time to time common shares ("**Common Shares**"), preferred shares ("**Preferred Shares**"), unsecured subordinated debentures ("**Debentures**") and subscription receipts ("**Subscription Receipts**", and collectively with the Common Shares, Preferred Shares and Debentures, the "**Securities**") up to a total initial offering price of \$500,000,000 (or its equivalent in U.S. dollars or any other currency or currency unit used to denominate the Securities) during the 25 month period that this short form base shelf prospectus (the "**Prospectus**"), including any amendments hereto, remains valid.

The specific terms of any offering of Securities will be set forth in a prospectus supplement (a "**Prospectus Supplement**") including, where applicable: (i) in the case of Common Shares, the number of Common Shares being offered, the offering price (if the offering is a fixed price distribution), the manner of determining the offering price(s) (if the offering is not a fixed price distribution) and any other specific terms; (ii) in the case of Preferred Shares, the designation of the particular series, the number of shares offered, the offering price, the dividend rate, the dividend payment date, any terms of retraction or redemption, any exchange or conversion terms and any other specific terms; (iii) in the case of Debentures, the designation of the Debentures, the aggregate principal amount of the Debentures being offered, the currency or currency unit for which the Debentures may be purchased, authorized denominations, any limit on the aggregate principal amount of the Debentures of the series being offered, the issue and delivery date, the maturity date, the offering price (at par, at a discount or at a premium), the interest rate or method of determining the interest rate, the interest payment date(s), any conversion or exchange rights that are attached to the Debentures, any redemption provisions, any repayment provisions and any other specific terms; and (iv) in the case of Subscription Receipts, the number of Subscription Receipts being offered, the offering price (if the offering is a fixed price distribution), the manner of determining the offering price(s) (if the offering is not a fixed price distribution), the terms, conditions and procedures for the exchange of the Subscription Receipts into or for Common Shares and/or other securities of

Northland and any other specific terms. Northland reserves the right to include in a Prospectus Supplement specific variable terms pertaining to the Securities that are not within the options and parameters set forth in this Prospectus.

All shelf information permitted under applicable laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus. Each Prospectus Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

Northland may sell the Securities to or through underwriters or dealers purchasing as principals, and may also sell the Securities to one or more purchasers directly, if permitted under applicable securities laws, or through agents. The Prospectus Supplement relating to a particular offering of Securities will identify each underwriter, dealer or agent engaged in connection with the offering and sale of Securities, and will set forth the method of distribution of such Securities, including the proceeds to Northland and any fees, discounts or any other compensation payable to underwriters, dealers or agents, and any other material terms of the plan of distribution.

The issued and outstanding Common Shares, Cumulative Rate Reset Preferred Shares, Series 1 of Northland (the “**Series 1 Shares**”) and the 6.25% convertible unsecured subordinated debentures, Series A of Northland (the “**Series A Debentures**”) are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbols “NPI”, NPI.PR.A” and “NPI.DB.A”, respectively. On March 15, 2012, being the last trading day on which the Common Shares, Series 1 Shares and Series A Debentures traded prior to the date of this Prospectus, the closing price per security of each of the Common Shares, Series 1 Shares and Series A Debentures was \$17.63, \$25.85 and \$140.60, respectively. **There is currently no market through which the Preferred Shares, Debentures or Subscription Receipts which may be offered under this Prospectus may be sold and purchasers may not be able to resell any Preferred Shares, Debentures or Subscription Receipts purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors” as well as the “Risk Factors” section of the applicable Prospectus Supplement.**

In connection with any offering of the Securities (unless otherwise specified in the relevant Prospectus Supplement) the underwriters or agents may over-allot or effect transactions that stabilize or maintain the market price of the offered Securities at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

No underwriter or dealer has been involved in the preparation of this Prospectus or performed any review of the contents of this Prospectus.

The earnings coverage ratio in respect of Northland’s indebtedness for the 12-month period ended December 31, 2011 is less than one-to-one. See “Earnings Coverage Ratios”.

Northland’s registered and head office is at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, Canada, M4V 3A1.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Manager, Investor Relations of Northland Power Inc. at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, M4V 3A1, telephone (647) 288-1438 and fax (416) 962-6266, and are also available electronically at www.sedar.com under Northland's profile.

The following documents, filed with the securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this Prospectus:

- (a) annual information form of Northland dated March 31, 2011 for the year ended December 31, 2010 (the "**AIF**");
- (b) audited consolidated financial statements of Northland for the year ended December 31, 2011, including the consolidated balance sheets as at December 31, 2011 and 2010, and January 1, 2010, and the consolidated statements of income (loss), comprehensive (loss), changes in equity and cash flows for the years ended December 31, 2011 and 2010 and related notes (the "**Annual Financial Statements**"), together with the auditors' report thereon dated February 22, 2012;
- (c) management's discussion and analysis related to the Annual Financial Statements;
- (d) management information circular dated April 21, 2011 prepared in connection with the annual and special meeting of Shareholders held on May 26, 2011; and
- (e) material change report of Northland dated January 11, 2011 with respect to the conversion of Northland Power Income Fund ("the **Fund**") from an income fund to a corporation becoming effective.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any material change reports (except confidential material change reports), comparative interim financial statements, comparative annual financial statements and the accompanying report of the auditor and information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 - *Short Form Prospectus Distributions* ("**NI 44-101**") of the Canadian Securities Administrators to be incorporated by reference herein) filed by Northland with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this Prospectus.

Upon a new annual information form and related annual audited consolidated financial statements (and the management's discussion and analysis in respect thereof) being filed by Northland with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual audited consolidated financial statements, all interim unaudited consolidated financial reports (and the management's discussion and analysis in respect thereof), material change reports and business acquisition reports filed by Northland prior to the commencement of Northland's fiscal year in which the new annual information form was filed shall be deemed no longer to be incorporated into this Prospectus

for purposes of future offers and sales of Securities hereunder. Upon an interim unaudited consolidated financial report (and the management's discussion and analysis in respect thereof) being filed by Northland with the applicable securities regulatory authorities during the currency of this Prospectus, all interim unaudited consolidated financial reports (and the management's discussion and analysis in respect thereof) filed prior to the new interim unaudited consolidated financial report shall be deemed no longer to be incorporated into this Prospectus for purposes of future offers and sales of Securities hereunder. Upon a new management information circular relating to an annual meeting of shareholders of Northland being filed by Northland with the applicable securities regulatory authorities during the currency of this Prospectus, the management information circular for the preceding annual meeting of shareholders shall be deemed no longer to be incorporated by reference into this Prospectus for purposes of future offers and sales of Securities hereunder.

A Prospectus Supplement containing the specific terms of an offering of Securities, updated disclosure of earnings coverage ratios, if applicable, and other information relating to the Securities, will be delivered to prospective purchasers of such Securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of such Prospectus Supplement only for the purpose of the offering of the Securities covered by that Prospectus Supplement.

FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein contain certain forward-looking statements which are provided for the purpose of presenting information about management's current expectations and plans. Readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects," "anticipates," "plans," "believes," "estimates," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could." These statements may include, without limitation, statements regarding future EBITDA, cash flows and dividend payments, the construction, completion, attainment of commercial operations, cost and output of development projects, plans for raising capital, and the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of Northland and its subsidiaries. This information is based upon certain material factors or assumptions that were applied in developing the forward-looking statements, including the design specifications of development projects, the provisions of contracts to which Northland or a subsidiary is a party, management's current plans, its perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

Although these forward-looking statements are based upon management's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties. Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, construction risks, counterparty risks, operational risks, the variability of revenues from generating facilities powered by intermittent renewable resources and the other factors described in the "Risks and Uncertainties" section of Northland's 2011 Annual Report and the AIF, which can both be found at www.sedar.com under Northland's profile and on Northland's website www.northlandpower.ca. Northland's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur.

The forward-looking statements contained in this Prospectus and the documents incorporated by reference herein are based on assumptions that were considered reasonable as of the date of this Prospectus. Other than as specifically required by law, Northland undertakes no obligation to update any forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

NORTHLAND

Northland is the successor to the Fund following the completion of a court-approved plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (Ontario) effective January 1, 2011. As a result of the Arrangement, Northland owns directly all of the assets and is subject to all of the liabilities (other than intercompany assets and liabilities) of the Fund and is continuing the business of the Fund and the subsidiaries of the Fund. For more information about the Arrangement, please refer to the AIF which is incorporated herein by reference and available on the SEDAR website at www.sedar.com under Northland’s profile.

Northland’s registered and head office is at 30 St. Clair Avenue West, 17th Floor, Toronto, Ontario, Canada, M4V 3A1.

SUMMARY DESCRIPTION OF THE BUSINESS

Northland owns or has an economic interest in power producing facilities with a total net capacity of 1,005 megawatts (“**MW**”). Northland’s operating assets comprise facilities that produce electricity from natural gas and renewable sources for sale under long-term power purchase agreements (“**PPAs**”) with creditworthy customers that ensure revenue stability. As the date of this Prospectus, Northland’s 260 MW North Battleford natural-gas-fired combined-cycle project is under construction and is scheduled to reach commercial operations in 2013. In addition, Northland has 316 MW of wind, solar and run-of-river hydro projects in advanced development with PPAs awarded under the Ontario Power Authority (“**OPA**”) Feed-in-Tariff (“**FIT**”) Program and a 24 MW wind project near Frampton, Quebec, that has a 20-year PPA with Hydro-Québec. Northland expects to construct these projects over the next three to four years. In addition, Northland has an extensive portfolio of projects in earlier stages of development.

Specific facilities Northland operates, has under construction or in development are listed below:

Operating Facilities

Project ⁽¹⁾	Ownership (%)	Capacity (MW)	Net Ownership Interest (MW)	Power off-taker & rating	PPA expiry	Fuel-supply expiry
Iroquois Falls	100	120.0	120.0	OEFC† (AA low)*	Dec. 2021	2015–16
Kingston	100	110.0	110.0	OEFC (AA low)*	Jan. 2017	2017
Thorold	100	265.0	265.0	OPA†† (A high)*	Mar. 2030	N/A ⁽²⁾
Spy Hill	100	86.0	86.0	SaskPower (AA+)**	Oct. 2036	N/A ⁽³⁾
Panda-Brandywine	19	230.0	43.7	Sempra††† (BBB+)**	May 2014	N/A ⁽⁴⁾
Jardin	100 ⁽⁵⁾	127.5	127.5	Hydro-Québec (A+)**	Nov. 2029	N/A ⁽⁶⁾
Mont Louis	100	100.5	100.5	Hydro-Québec (A+)**	Sept. 2031	N/A ⁽⁶⁾
German Wind Farms	100	21.5	21.5	N/A ⁽⁷⁾	N/A ⁽⁷⁾	N/A ⁽⁶⁾
Rooftop solar	75	1.0	0.8	OPA†† (A high)*	Apr. – Sept. 2031	N/A ⁽⁶⁾
Cochrane	75 ⁽⁸⁾	42.0	31.5	OEFC (AA low)*	Jan. 2015	2016
Kirkland Lake	75 ⁽⁸⁾	132.0	99.0	OEFC (AA low)*	Aug. 2015 & Aug. 2030 ⁽⁹⁾	2015

† Ontario Electricity Financial Corporation

†† Ontario Power Authority

††† Sempra Energy Trading LLC
 * Ratings by Dominion Bond Rating Service
 ** Ratings by Standard & Poor's

- (1) Northland also owns a small wood chipping facility located on Vancouver Island, British Columbia.
- (2) The cost of natural gas purchased by Thorold at market prices including variable transportation charges is effectively recovered through sales of electricity to the wholesale electricity market pursuant to an OPA PPA.
- (3) The power off-taker provides all required fuel to operate the facility or effectively takes gas-price risk under a tolling arrangement.
- (4) Sempra provides all required fuel to operate Panda-Brandywine.
- (5) Northland completed the purchase of the remaining 66.5% interest in Jardin on January 29, 2010.
- (6) Wind and solar availability is based on long-term site studies undertaken as part of the development decision-making process. Northland assumes the risk that the actual wind and resources will meet expectations.
- (7) German electricity production is purchased by local power utilities at predetermined prices as required by German federal legislation.
- (8) Northland owns the land and buildings which are leased long-term to the project owner and has only a minor ownership interest in the generator equipment; however, the management agreements provide Northland with an effective 75% economic interest upon reaching certain thresholds under the facilities financing agreements.
- (9) The PPA expires in 2015 with respect to gas-fired sales and 2030 with respect to wood-fired sales.

Project Under Construction

Project ⁽¹⁾	Ownership (%)	Capacity (MW)	Net Ownership Interest (MW)	Power off-taker & rating	PPA expiry	Fuel-supply expiry
North Battleford	100	260.0	260.0	SaskPower (AA+)**	20 years from COD ⁽¹⁾	N/A ⁽²⁾

** Rating by Standard & Poor's

- (1) Commercial operations date (COD) is expected to occur on or prior to June 1, 2013.
- (2) The power off-taker effectively takes gas price risk under a tolling arrangement.

Advanced Development Projects

Project ⁽¹⁾	Ownership (%)	Capacity (MW)	Net Ownership Interest (MW)	Power off-taker & rating	PPA expiry
McLean's Mountain	50	60.0	30.0	OPA (A high)*	20 years from COD ⁽¹⁾
Kabinakagami	50	26.0	13.0	OPA (A high)*	40 years from COD ⁽¹⁾
Grand Bend	100	100.0	100.0	OPA (A high)*	20 years from COD ⁽¹⁾
Ground-Mount Solar	100	130.0	130.0	OPA (A high)*	20 years from COD ⁽¹⁾
Frampton	67	24.0	16.0	Hydro-Québec** (A+)	20 years from COD

* Ratings by Dominion Bond Rating Service

** Ratings by Standard & Poor's

- (1) OPA's Feed-in-Tariff Program (wind, solar and run-of-river hydro)

Northland's operating cash flows are diversified over five geographically separate regions and regulatory regimes. Northland continues to actively develop its green renewable energy projects that have been awarded long-term PPAs under Ontario's FIT Program. Northland's FIT PPAs provide for a total of 316 MW of capacity comprising 130 MW from 13 ground-mounted solar projects located across the province, the 60 MW Manitoulin Island wind farm in partnership with Mnídoo Mnísing Power, a partnership formed by the United Chiefs and Councils of Mnídoo Mnísing First Nations, the 100 MW Grand Bend wind farm and 26 MW from four run-of-river hydro projects on the Kabinakagami River in partnership with Constance Lake First Nation. Total investment for projects developed by Northland under the FIT Program could reach \$1.4 billion over the next four years.

Northland has a portfolio of power projects at various stages of development. In some cases, these projects are being developed in response to specific procurement plans announced by the OPA, Hydro-Québec, SaskPower or other entities. In other cases, they are being developed to meet anticipated needs for new power resources in various jurisdictions.

Prospects in earlier stages of development represent approximately 2,200 MW of Northland's current 2,800 MW development pipeline capacity. This potential capacity encompasses projects that are expected to use various technologies, including natural gas, hydro, wind and solar.

RECENT DEVELOPMENTS

In the last two quarters of 2011, Northland completed two significant projects, the 100.5 MW Mont Louis Wind Farm in Quebec and the 86 MW Spy Hill natural gas peaking facility in Saskatchewan. As a result of the completion of these projects, certain securities became eligible in January 2012 for conversion into Common Shares and Class A shares pursuant to the terms of the 2009 merger between the former Northland Power Income Fund and Northland Power Inc., as further described in Northland's articles of arrangement (the "**Articles**"). Consequently, in January 2012, 4,206,270 of Northland's Class C Convertible Shares held by NPHI converted into Class A Shares on a one-for-one basis. Additionally, in January 2012, senior management of Northland exercised 5,267,372 Replacement Rights thereby acquiring Common Shares on a one-for-one basis, pursuant to the terms of these securities.

USE OF PROCEEDS

The Securities will be issued from time to time at the discretion of Northland in an aggregate principal amount of up to \$500,000,000 in Canadian currency, or the approximate equivalent thereof if Securities are issued in foreign currencies or currency units, during the 25 month period from the date of this Prospectus. The net proceeds to be derived from the issue of the Securities offered by this Prospectus will be the issue price thereof less any commission paid in connection therewith. Such net proceeds cannot be estimated at the date hereof as the amount thereof will depend on the extent to which the Securities are issued hereunder and the terms and conditions of such Securities. Northland expects that such net proceeds will be used to reduce outstanding indebtedness, to finance existing or future development projects or acquisitions and/or for general corporate purposes. The estimated amount of net proceeds and the specific use of proceeds and the business objectives to be achieved from the issuance of any Securities will be described in the relevant Prospectus Supplement.

CONSOLIDATED CAPITALIZATION OF NORTHLAND

As at December 31, 2011, Northland had 78,027,019 Common Shares outstanding. In addition, Northland had \$36.4 million of Series A Debentures outstanding which are convertible at the option of the holder at any time until December 31, 2014 into fully paid Common Shares at a conversion price of \$12.42 per Common Share and 6,000,000 Series 1 Shares outstanding. The outstanding long-term debt of Northland (excluding current portion and derivative financial instruments) as at December 31, 2011 was approximately \$938.9 million. Since December 31, 2011 there have been no material changes to the long-term debt of Northland.

EARNINGS COVERAGE RATIOS OF NORTHLAND

The following does not reflect the issuance of any Securities under this Prospectus.

Northland's dividend requirements on all of the Series 1 Shares adjusted to a before-tax equivalent using an effective income tax rate of 31%, amounted to approximately \$11.4 million for the 12 months ended December 31, 2011. Northland's borrowing cost requirements for the 12 months ended December 31, 2011 amounted to approximately \$77.5 million. Northland's income or loss attributable to Common shareholders of Northland before borrowing costs and income tax for the 12 months ended December 31, 2011 was approximately \$41.1 million, which is 0.46 times Northland's aggregate dividend and borrowing cost requirements for the period. In order to achieve an earnings coverage ratio of one-to-one for the 12 months ended December 31, 2011, Northland would need to have earned an additional \$130.0 million.

The earnings coverage ratio is below 1.0 because Northland recorded multiple non-cash adjustments during 2011 amounting to a net loss of \$143.3 million. These non-cash adjustments include change in fair value of interest rate swaps, the fair value loss on convertible Class B shares, write-down of deferred development costs, one-time impairments of property, plant and equipment and contracts and goodwill which other than goodwill may be reversed in the future depending on market economics and is off-set by the gain on transition to lease accounting. The earnings coverage ratio after giving effect to reversing the non-cash accounting losses is 1.15 to one.

Northland's earnings coverage ratio, if calculated using Northland's earnings before interest, income tax, depreciation and other non-cash items of approximately \$150.7 million for the 12-months ended December 31, 2011 and the dividend and borrowing cost requirements set out above, is 1.70 times Northland's aggregate dividend and borrowing cost requirements for the period.

RATINGS

Northland's Series 1 Shares have been assigned a rating of "P-3" by S&P. A "P-3" rating by S&P is the second highest of the three sub-categories within the third highest rating of the eight standard categories of ratings utilized by S&P for preferred shares.

Preferred share ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The preferred share rating assigned to the Series 1 Shares may not reflect the potential impact of all risks on the value of the Series 1 Shares. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the rating.

DESCRIPTION OF THE COMMON SHARES

Holders of Common Shares are entitled to one vote in respect of each Common Share held at any meeting of the shareholders of Northland except meetings at which only the holders of a specified class or series of shares of Northland are entitled to vote. Subject to the rights of holders of Preferred Shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, the holders of Common Shares are entitled to receive dividends as and when declared by the Board of Directors in its discretion from time to time. In addition, subject to the prior rights of holders of Preferred Shares or any series thereof, and other shares of Northland ranking in priority to the Common Shares, the holders of the Common Shares are entitled to that portion of the balance of the assets of Northland equal to the ratio that the outstanding number of Common Shares is to the aggregate of the number of Common Shares outstanding and the product of the number of Class A Shares outstanding and the Class A Conversion Rate (as defined in the Articles) upon the liquidation, dissolution or winding-up of Northland or other distribution of assets of Northland among its shareholders.

DESCRIPTION OF THE PREFERRED SHARES

Issuance in Series

The Board of Directors may from time to time issue Preferred Shares in one or more series, each series to consist of such number of shares as will before issuance thereof be fixed by the Board of Directors who will at the same time determine the designation, rights, privileges, restrictions and conditions attaching to that series of Preferred Shares.

Voting

Subject to applicable corporate law, the Preferred Shares of each series shall be non-voting and not entitled to receive notice of any meeting of shareholders, provided that the designation, rights, privileges, restrictions and conditions may provide that if Northland shall fail, for a specified period, which is at least two years, to pay dividends at the prescribed rate on any series of the Preferred Shares, thereupon, and so long as any such dividends shall remain in arrears, the holders of that series of Preferred Shares shall be entitled to receive notice of, to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class or series of shares are entitled to attend.

DESCRIPTION OF THE DEBENTURES

General

The following description of the Debentures is a brief summary of their material attributes and characteristics. The following summary uses words and terms which are defined in the Indenture (defined below). This summary does not purport to be complete and is subject to, and is qualified in its entirety by, reference to the terms of the Indenture. The particular terms and provisions of the Debentures offered by a Prospectus Supplement will be described in the Prospectus Supplement filed in respect of such Debentures.

The Debentures will be issued as a new series under and pursuant to the provisions of the trust indenture dated August 26, 2004, as amended and restated as of October 14, 2009 and as supplemented by the first supplemental indenture on October 15, 2009 and as supplemented by the second supplemental indenture on January 1, 2011 and as it may be further amended, restated and supplemented from time to time (the “**Indenture**”), between Northland and Computershare Trust Company of Canada, in its role as trustee under the Indenture (the “**Debenture Trustee**”).

The Indenture permits the issuance of Debentures without limitation as to the aggregate principal amount.

The Debentures will be direct obligations of Northland and will not be secured by any mortgage, pledge, hypothec or other charge and will be subordinated to all Senior Indebtedness of Northland as described under “Description of the Debentures — Subordination”. The Debentures will rank pari passu with every other series of debentures that have been issued, or may hereafter be issued, under the Indenture.

Subordination

The payment of the principal of, and interest on, Debentures will be subordinated in right of payment, in the circumstances referred to below and more particularly as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness of Northland. “Senior Indebtedness” of Northland is defined in the Indenture as all indebtedness of Northland (whether outstanding as at the date of the Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing the indebtedness, is not expressed to be pari passu with, or subordinate in right of payment to, the Debentures. The Indenture does not limit the ability of Northland to incur additional indebtedness, including additional Senior Indebtedness at any time or from time to time or other indebtedness or otherwise mortgaging, pledging or charging its real or personal property or properties to secure any indebtedness or other financing.

The Indenture provides that in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization or other similar proceedings relative to Northland, or to its property or assets, or in the event of any proceedings for voluntary liquidation, dissolution or other winding up of Northland, whether or not involving insolvency or bankruptcy, or any marshalling of the assets and liabilities of Northland, all creditors under any Senior Indebtedness will receive payment in full before the Debentureholders will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon.

In addition to the foregoing, pursuant to the terms of the Indenture, neither the Debenture Trustee nor the Debentureholders shall be entitled to demand or otherwise attempt to enforce in any manner, institute proceedings for the collection of, or institute any proceedings against Northland including, without limitation, by way of any bankruptcy, insolvency or similar proceedings or any proceeding for the appointment of a receiver, liquidator, trustee or other similar official (it being understood and agreed that the Debenture Trustee and/or the Debentureholders shall be permitted to take any steps necessary to preserve the claims of the Debentureholders in any such proceeding and any steps necessary to prevent the extinguishment or other termination of a claim or potential claim as a result of the expiry of a limitation period), or receive any payment or benefit in any manner whatsoever on account of indebtedness represented by the Debentures at any time when an event of default (howsoever designated) has occurred and is continuing under any Senior Indebtedness and is continuing and, in each case, notice of such event of default has been given by or on behalf of the lender or lenders party to such Senior Indebtedness to Northland (the “**Senior Indebtedness Postponement Provisions**”).

Modification

The rights of the holders of the Debentures or of any series of Debentures may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which will make

binding on all Debentureholders resolutions passed at meetings of the Debentureholders by votes cast thereat by holders of not less than 66⅔% of the principal amount of the then outstanding Debentures present at the meeting or represented by proxy, or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the then outstanding Debentures. In certain cases, the modification will, instead of or in addition to the foregoing, require assent by the holders of the required percentage of Debentures of each particularly affected series. Under the Indenture, the Debenture Trustee will have the right to make certain amendments to the Indenture in its discretion, without the consent of the Debentureholders.

Events of Default

The Indenture provides that an event of default (“**Event of Default**”) in respect of the Debentures will occur if certain events described in the Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the Debentures: (i) failure for 15 days to pay interest on the Debentures when due; (ii) failure to pay principal or premium, if any, on the Debentures, whether at the Maturity Date, upon redemption, by acceleration or otherwise; (iii) default in the performance of any material covenant in the Indenture that is not cured within 30 days of Northland receiving notice in writing specifying such default and requiring it to be cured; or (iv) certain events of bankruptcy, insolvency or reorganization of Northland under bankruptcy or insolvency laws. Subject to the Senior Indebtedness Postponement Provisions, if an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% in principal amount of the then outstanding Debentures, declare the principal of (and premium, if any) and accrued interest on all outstanding Debentures to be immediately due and payable.

Offers for Debentures

The Indenture contains provisions to the effect that if an offer is made for the Debentures which is a take-over bid for Debentures within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Debentures (other than Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by Debentureholders who did not accept the offer on the terms offered by the offeror.

Reports to Holders

Northland shall file with the Debenture Trustee, within 15 days after the filing thereof with the Ontario Securities Commission, copies of Northland’s annual report and the information, documents and other reports that Northland is required to file with the Ontario Securities Commission and deliver to security holders. Notwithstanding that Northland may not be required to remain subject to the reporting requirements of the Ontario Securities Commission, Northland shall provide to the Debenture Trustee (a) within 90 days after the end of each fiscal year, an audited annual financial statement of Northland, and (b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, interim financial statements of Northland which shall, at a minimum, contain such information as is required to be provided in financial statements under the laws of Canada or any province thereof to security holders of a company with securities listed on the TSX, whether or not Northland has any of its securities so listed. Each of such reports will be prepared in accordance with applicable Canadian disclosure requirements and generally accepted accounting principles. Northland will provide copies of such information, documents and reports to Debentureholders upon request.

Governing Law

Each of the Indenture and the Debentures are governed by, and construed in accordance with, the laws of the Province of Ontario applicable to contracts executed and to be performed entirely in such Province.

DESCRIPTION OF THE SUBSCRIPTION RECEIPTS

The Subscription Receipts will be issued under a subscription receipt agreement. The following sets forth certain general terms and provisions of the Subscription Receipts. The particular terms and provisions of Subscription Receipts offered by any Prospectus Supplement will be described in the Prospectus Supplement filed in respect of such Subscription Receipts. This description will include, without limitation, where applicable; (i) the number of Subscription Receipts; (ii) the price at which the Subscription Receipts will be offered; (iii) the terms, conditions and procedures for the exchange of the Subscription Receipts into or for Common Shares and/or other securities of Northland; (iv) the number of Common Shares and/or other securities of Northland that may be issued

or delivered upon exchange of each Subscription Receipt; and (v) any other material terms and conditions of the Subscription Receipts. Common Shares and/or other securities of Northland issued or delivered upon the exchange of Subscription Receipts will be issued for no additional consideration.

DESCRIPTION OF SHARE CAPITAL OF NORTHLAND

Northland is authorized under its Articles to issue the following classes of shares in the capital of Northland:

- an unlimited number of Common Shares;
- 42,478,451 Class A Shares;
- 8,067,723 Class B Convertible Shares;
- 8,496,078 Class C Convertible Shares; and
- an unlimited number of Preferred Shares, issuable in series, of which 6,000,000 have been designated as Series 1 Shares and of which 6,000,000 have been designated as Series 2 Shares.

The following is a summary of rights, privileges, restrictions and conditions attached to the Class A Shares, the Class B Convertible Shares, Class C Convertible Shares, Series 1 Shares and Series 2 Shares.

Description of the Class A Shares

There are currently 29,851,868 Class A Shares outstanding, all of which are held by NPHI. As of January 16, 2012 (the “**Conversion Date**”), the Class A Shares are convertible into Common Shares of Northland on a one-for-one basis and participate equally share for share with the Common Shares in dividends. The Class A Shares are entitled to one vote per share and carry specified appointment rights for directors of Northland as described below under “Description of the Share Capital of Northland – Appointment Rights of Class A Shares and Class C Convertible Shares”. The Class A Shares, all of which are held by NPHI, are non-transferable, except on a reorganization of NPHI. On liquidation, subject to the rights of the Preferred Shares, the Class B Convertible Shares, the Class C Convertible Shares and the Common Shares, the holders of the Class A Shares share in the distribution of the balance of the assets of Northland.

Description of the Class B Convertible Shares

There are currently 8,067,723 Class B Convertible Shares outstanding. The Class B Convertible Shares are convertible into Class A Shares on a one-for-one basis based on Development Profit (as defined in the Articles) generated by qualifying projects of Northland only after all Class C Convertible Shares have been converted. The Class B Convertible Shares are non-voting and are not entitled to dividends. Each Class B Convertible Share has the right to receive \$0.001 per share on liquidation. The Class B Convertible Shares, all of which are held by NPHI, are not transferable, except on a reorganization of NPHI.

Description of the Class C Convertible Shares

There are currently 4,289,808 Class C Convertible Shares outstanding. The Class C Convertible Shares are convertible into Class A Shares on a one-for-one basis based on the first \$100 million of Development Profit (as defined in the Articles) generated by qualifying projects of Northland. The Class C Convertible Shares are entitled to one vote per share and carry specified appointment rights for directors of Northland as described below under “Description of the Share Capital of Northland – Appointment Rights of Class A Shares and Class C Convertible Shares”. The Class C Convertible Shares are not entitled to dividends but have the right to receive \$0.001 per share on liquidation. The Class C Convertible Shares, all of which are held by NPHI, are not transferable, except on a reorganization of NPHI.

Appointment Rights of Class A Shares and Class C Convertible Shares

NPHI, as the only holder of the Class A Shares and Class C Convertible Shares, can exercise special appointment rights for directors as long as it holds Class A Shares and the thresholds described in the Articles are met. If NPHI converts all of the Class A Shares and Class C Convertible Shares that it holds into Common Shares, it will no longer have special director appointment rights.

So long as NPFI is controlled directly or indirectly by James C. Temerty and the aggregate number of votes attributed to the Class A Shares and the Class C Convertible Shares and the NPFI Held Common Shares represents at least 15% of the votes attributed to the Voting Shares outstanding, holders of the Class A Shares and the Class C Convertible Shares will have the right to elect 49% of the directors of Northland and if such NPFI ownership threshold is less than 15% but at least 10% of the Voting Shares, then NPFI's right to elect directors of Northland is reduced to 40% of the directors.

If NPFI is controlled directly or indirectly by a Temerty Entity, (and not Mr. Temerty), and the aggregate number of votes attributed to the Class A Shares and the Class C Convertible Shares and Temerty Entity Held Common Shares represents at least 20% of the votes attributed to the Voting Shares outstanding, then holders of the Class A Shares and the Class C Convertible Shares will have the right to elect up to 49% of the directors of Northland, or 40% of the directors of Northland if the ownership threshold is less than 20% but at least 15%.

NPFI can decide whether to exercise the special director election rights for any particular director election. If NPFI exercises the special director election rights for a particular election, then the holders of the Common Shares are entitled to elect the balance of the directors. If NPFI does not elect to exercise, the holders of the Class A Shares and the Class C Shares vote with the holders of the Common Shares for all directors.

Description of the Series 1 Shares

The following is a summary of certain provisions attaching to the Series 1 Shares as a series.

Definition of Terms

The following definitions are relevant to the Series 1 Shares.

“Annual Fixed Dividend Rate” means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.80%.

“Bloomberg Screen GCAN5YR Page” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Yields.

“Fixed Rate Calculation Date” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“Government of Canada Yield” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by Northland, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“Initial Fixed Rate Period” means the period from and including the Closing Date to, but excluding, September 30, 2015.

“Subsequent Fixed Rate Period” means for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2015 to, but excluding, September 30, 2020 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, September 30 in the fifth year thereafter.

Dividends

During the Initial Fixed Rate Period, the holders of the Series 1 Shares will be entitled to receive fixed, cumulative, preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last Business Day of March, June, September and December in each year during the Initial Fixed Rate Period, at an annual rate equal to \$1.3125 per share.

During each Subsequent Fixed Rate Period, the holders of Series 1 Shares will be entitled to receive fixed cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last Business Day of March, June, September and December in each year during the Subsequent Fixed Rate Period, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00.

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by Northland on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding on Northland and all holders of Series 1 Shares. Northland will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 1 Shares.

Payments of dividends and other amounts in respect of the Series 1 Shares will be made by Northland to CDS, or its nominee, as the case may be, as registered holder of the Series 1 Shares. As long as CDS, or its nominee, is the registered holder of the Series 1 Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 1 Shares for the purposes of receiving payment on the Series 1 Shares.

Redemption

The Series 1 Shares will not be redeemable by Northland prior to September 30, 2015. On September 30, 2015 and on September 30 every five years thereafter (or, if such date is not a Business Day, the immediately following Business Day), and subject to certain other restrictions set out below under the heading “Description of the Series 1 Shares – Restrictions on Dividends and Retirement and Issue of Shares”, Northland may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series 1 Shares by payment in cash of a per share sum equal to \$25.00, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by Northland).

If less than all of the outstanding Series 1 Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a pro rata basis (disregarding fractions) or, if such shares are at such time listed on a stock exchange, with the consent of any applicable stock exchange, in such other manner as the Board of Directors may, in its sole discretion, determine by resolution.

The Series 1 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 1 Shares.

Conversion of Series 1 Shares into Series 2 Shares

Each holder of Series 1 Shares will have the right, at its option, on September 30, 2015 and on September 30 every five years thereafter (a “**Series 1 Conversion Date**”), to convert, subject to the restrictions on conversion described below and the payment or delivery to Northland of evidence of payment of the tax (if any) payable, all or any of its Series 1 Shares into Series 2 Shares on the basis of one Series 2 Share for each Series 1 Share converted. If a Series 1 Conversion Date falls on a day that is not a Business Day, such Series 1 Conversion Date will be the immediately following Business Day. The conversion of Series 1 Shares may be effected upon written notice (each notice an “**Election Notice**”) given by the registered holder of the Series 1 Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series 1 Conversion Date. Once received by Northland, an election notice is irrevocable.

Northland will, at least 30 days and not more than 60 days prior to the applicable Series 1 Conversion Date, give notice in writing to the then registered holders of the Series 1 Shares of the Series 1 Conversion Date and a form of Election Notice. On the 30th day prior to each Series 1 Conversion Date, Northland will give notice in writing to the then registered holders of the Series 1 Shares of the Annual Fixed Dividend Rate for the next Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series 2 Shares for the next succeeding Quarterly Floating Rate Period (as these terms are defined below).

If Northland gives notice to the registered holders of the Series 1 Shares of the redemption on a Series 1 Conversion Date of all the Series 1 Shares, Northland will not be required to give notice as provided hereunder to the registered holders of the Series 1 Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series 1 Shares and the right of any holder of Series 1 Shares to convert such Series 1 Shares will cease and terminate in that event.

Holders of Series 1 Shares will not be entitled to convert their shares into Series 2 Shares if Northland determines that there would remain outstanding on a Series 1 Conversion Date fewer than 1,000,000 Series 2 Shares, after having taken into account all Election Notices in respect of Series 1 Shares tendered for conversion into Series 2 Shares and all Election Notices in respect of Series 2 Shares tendered for conversion into Series 1 Shares. Northland will give notice in writing to all affected holders of Series 1 Shares of their inability to convert their Series 1 Shares at least seven days prior to the applicable Series 1 Conversion Date. Furthermore, if Northland determines that there would remain outstanding on a Series 1 Conversion Date fewer than 1,000,000 Series 1 Shares, after having taken into account all Election Notices in respect of Series 1 Shares tendered for conversion into Series 2 Shares and all Election Notices in respect of Series 2 Shares tendered for conversion into Series 1 Shares, then, all, but not part, of the remaining outstanding Series 1 Shares will automatically be converted into Series 2 Shares on the basis of one Series 2 Share for each Series 1 Share, on the applicable Series 1 Conversion Date. Northland will give notice in writing to this effect to the then registered holders of such remaining Series 1 Shares at least seven days prior to the applicable Series 1 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 1 Shares into Series 2 Shares (and upon an automatic conversion), Northland reserves the right not to issue Series 2 Shares to any person whose address is in, or whom Northland or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require Northland to take any action to comply with the securities or analogous laws of such jurisdiction.

Purchase for Cancellation

Subject to applicable law and to the provisions described below under “Description of the Series 1 Shares – Restrictions on Dividends and Retirement and Issue of Shares”, Northland may at any time purchase for cancellation all or any number of the Series 1 Shares outstanding at the lowest price or prices at which, in the opinion of the Board of Directors, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Northland or any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of Northland and of holders of shares of Northland ranking prior to the Series 1 Shares, the holders of the Series 1 Shares will be entitled to receive an amount equal to \$25.00 per share, together with an amount equal to all accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by Northland), before any amount is paid or any assets of Northland are distributed to the holders of any other class of shares of Northland. Upon payment of such amounts, the holders of the Series 1 Shares will not be entitled to share in any further distribution of the assets of Northland.

Priority

The Series 1 Shares rank senior to the Common Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Northland, whether voluntary or involuntary, or in the event of any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs. The Series 1 Shares rank on a parity with every other series of Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Northland, whether voluntary or involuntary, or in the event of any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Series 1 Shares are outstanding, Northland will not, without the approval of the holders of the Series 1 Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of Northland ranking as to capital and dividends junior to the Series 1 Shares) on any shares of Northland ranking as to dividends junior to the Series 1 Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of Northland ranking as to return of capital and dividends junior to the Series 1 Shares, redeem or call for redemption, purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of any shares of Northland ranking as to capital junior to the Series 1 Shares;

- (c) redeem or call for redemption, purchase for cancellation, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series 1 Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any Preferred Shares, ranking as to the payment of dividends or return of capital on a parity with the Series 1 Shares,

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series 1 Shares and on all other shares of Northland ranking prior to or on a parity with the Series 1 Shares with respect to the payment of dividends have been declared and paid or monies set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 1 Shares as a series and any other approval to be given by the holders of the Series 1 Shares may be given by a resolution signed by all holders of the Series 1 Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of 10% of the outstanding Series 1 Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 1 Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 1 Shares as a series, each such holder shall be entitled to one vote in respect of each Series 1 Share held by such Holder.

Voting Rights

The holders of the Series 1 Shares will not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of all holders of Series 1 Shares as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of Northland, unless and until Northland shall have failed to pay eight quarterly dividends on the Series 1 Shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of Northland properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series 1 Shares will be entitled to receive notice of and to attend each meeting of Northland's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of Northland on the basis of one vote in respect of each Series 1 Share held by such holder, until all such arrears of such dividends have been paid, whereupon such rights shall cease.

Tax Election

Northland will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of Series 1 Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

Description of the Series 2 Shares

The following is a summary of certain provisions attaching to the Series 2 Shares as a series.

Definition of Terms

The following definitions are relevant to the Series 2 Shares.

“Floating Quarterly Dividend Rate” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.80% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“Floating Rate Calculation Date” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“Quarterly Commencement Date” means the last day of each of March, June, September and December in each year.

“Quarterly Floating Rate Period” means, for the initial Quarterly Floating Rate Period, the period from and including September 30, 2015 to, but excluding, December 31, 2015, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next succeeding Quarterly Commencement Date.

“T-Bill Rate” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on 90-day Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Dividends

The holders of the Series 2 Shares will be entitled to receive floating rate cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the last Business Day of March, June, September and December in each year, in the amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00.

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by Northland on the Floating Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon Northland and upon all holders of Series 2 Shares. Northland will, on the relevant Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 2 Shares.

Payments of dividends and other amounts in respect of the Series 2 Shares will be made by Northland to CDS, or its nominee, as the case may be, as registered holder of the Series 2 Shares. As long as CDS, or its nominee, is the registered holder of the Series 2 Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 2 Shares for the purposes of receiving payment on the Series 2 Shares.

Redemption

The Series 2 Shares will not be redeemable by Northland on or prior to September 30, 2015. Subject to certain other restrictions set out below under the heading “Description of the Series 2 Shares – Restrictions on Dividends and Retirement and Issue of Shares”, Northland may, at its option, on at least 30 days and not more than 60 days prior written notice, redeem all or any number of the outstanding Series 2 Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on September 30, 2020 and on September 30 every five years thereafter (each a **“Series 2 Conversion Date”**), or (ii) \$25.50 in the case of redemptions on any date which is not a Series 2 Conversion Date after September 30, 2015, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any tax required to be deducted or withheld by Northland). If a Series 2 Conversion Date falls on a day that is not a Business Day, such Series 2 Conversion Date will be the immediately following Business Day.

If less than all of the outstanding Series 2 Shares are at any time to be redeemed, the particular shares to be redeemed shall be selected on a pro rata basis (disregarding fractions) or, if such shares are at such time listed on a stock exchange, with the consent of any applicable stock exchange, in such other manner as the Board of Directors may, in its sole discretion, determine by resolution.

The Series 2 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 2 Shares.

Conversion of Series 2 Shares into Series 1 Shares

Each holder of Series 2 Shares will have the right, at its option, on any Series 2 Conversion Date, to convert, subject to the restrictions on conversion described below and the payment or delivery to Northland of evidence of payment of the tax (if any) payable, all or any of its Series 2 Shares into Series 1 Shares on the basis of one Series 1 Share for each Series 2 Share converted. If a Series 2 Conversion Date falls on a day that is not a Business Day, such Series 2 Conversion Date will be the immediately following Business Day. The conversion of Series 2 Shares may be effected upon an Election Notice given by the registered holder of the Series 2 Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding the applicable Series 2 Conversion Date. Once received by Northland, an Election Notice is irrevocable.

Northland will, at least 30 days and not more than 60 days prior to the applicable Series 2 Conversion Date, give notice in writing to the then registered holders of the Series 2 Shares of the Series 2 Conversion Date and a form of Election Notice. On the 30th day prior to each Series 2 Conversion Date, Northland will give notice in writing to the then registered holders of Series 2 Shares of the Floating Quarterly Dividend Rate for the next Quarterly Floating Rate Period and of the Annual Fixed Dividend Rate applicable to the Series 1 Shares for the next Subsequent Fixed Rate Period.

If Northland gives notice to the registered holders of the Series 2 Shares of the redemption on a Series 2 Conversion Date of all the Series 2 Shares, Northland will not be required to give notice as provided hereunder to the registered holders of the Series 2 Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series 2 Shares and the right of any holder of Series 2 Shares to convert such Series 2 Shares will cease and terminate in that event.

Holders of Series 2 Shares will not be entitled to convert their shares into Series 1 Shares if Northland determines that there would remain outstanding on a Series 2 Conversion Date fewer than 1,000,000 Series 1 Shares, after having taken into account all Election Notices in respect of Series 2 Shares tendered for conversion into Series 1 Shares and all Election Notices in respect of Series 1 Shares tendered for conversion into Series 2 Shares. Northland will give notice in writing to all affected holders of Series 2 Shares of their inability to convert their Series 2 Shares at least seven days prior to the applicable Series 2 Conversion Date. Furthermore, if Northland determines that there would remain outstanding on a Series 2 Conversion Date fewer than 1,000,000 Series 2 Shares, after having taken into account all Election Notices in respect of Series 2 Shares tendered for conversion into Series 1 Shares and all Election Notices in respect of Series 1 Shares tendered for conversion into Series 2 Shares, then, all, but not part, of the remaining outstanding Series 2 Shares will automatically be converted into Series 1 Shares on the basis of one Series 1 Share for each Series 2 Share, on the applicable Series 2 Conversion Date. Northland will give notice in writing to this effect to the then registered holders of such remaining Series 2 Shares at least seven days prior to the applicable Series 2 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 2 Shares into Series 1 Shares (and upon an automatic conversion), Northland reserves the right not to issue Series 1 Shares to any person whose address is in, or whom Northland or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require Northland to take any action to comply with the securities or analogous laws of such jurisdiction.

Purchase for Cancellation

Subject to applicable law and to the provisions described below under “Description of the Series 2 Shares – Restrictions on Dividends and Retirement and Issue of Shares”, Northland may at any time purchase for cancellation all or any number of the Series 2 Shares outstanding at the lowest price or prices at which in the opinion of the Board of Directors, such shares are obtainable.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Northland or any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, subject to the prior satisfaction of the claims of all creditors of Northland and of holders of shares of Northland ranking prior to the Series 2 Shares, the holders of the Series 2 Shares will be entitled to receive an amount equal to \$25.00 per share, together with an amount equal to all accrued and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by Northland), before any amount is paid or any assets of Northland are distributed to the holders of any other class of shares of Northland. Upon payment of such amounts, the holders of the Series 2 Shares will not be entitled to share in any further distribution of the assets of Northland.

Priority

The Series 2 Shares rank senior to the Common Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Northland, whether voluntary or involuntary, or in the event of any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs. The Series 2 Shares rank on a parity with every other series of Preferred Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Northland, whether voluntary or involuntary, or in the event of any other distribution of assets of Northland among its shareholders for the purpose of winding-up its affairs.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Series 2 Shares are outstanding, Northland will not, without the approval of the holders of the Series 2 Shares:

- (a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of Northland ranking as to capital and dividends junior to the Series 2 Shares) on any shares of Northland ranking as to dividends junior to Series 2 Shares;
- (b) except out of the net cash proceeds of a substantially concurrent issue of shares of Northland ranking as to return of capital and dividends junior to the Series 2 Shares, redeem or call for redemption, purchase for cancellation or otherwise pay off, retire or make any return of capital in respect of any shares of Northland ranking as to capital junior to the Series 2 Shares;
- (c) redeem or call for redemption, purchase for cancellation, or otherwise pay off or retire for value or make any return of capital in respect of less than all of the Series 2 Shares then outstanding; or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or pay off of all Series 2 Shares, redeem or call for redemption, purchase or otherwise pay off or retire for value or make any return of capital in respect of any Preferred Shares, ranking as to the payment of dividends or return of capital on a parity with the Series 2 Shares;

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Series 2 Shares and on all other shares of Northland ranking prior to or on a parity with the Series 2 Shares with respect to the payment of dividends have been declared and paid or monies set apart for payment.

Shareholder Approvals

In addition to any other approvals required by law (including any approvals required by the TSX), the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Series 2 Shares as a series and any other approval to be given by the holders of the Series 2 Shares may be given by a resolution signed by all holders of the Series 2 Shares, or by a resolution passed by the affirmative vote of not less than two-thirds of the votes cast by the holders who voted in respect of that resolution at a meeting of the holders duly called for that purpose and at which the holders of 10% of the outstanding Series 2 Shares are present in person or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Series 2 Shares then present in person or represented by proxy would form the necessary quorum. At any meeting of holders of Series 2 Shares as a series, each such holder shall be entitled to one vote in respect of each Series 2 Share held by such holder.

Voting Rights

The holders of the Series 2 Shares will not (except as otherwise provided by law and except for meetings of the holders of Preferred Shares as a class and meetings of all holders of Series 2 Shares as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of Northland, unless and until Northland shall have failed to pay eight quarterly dividends on the Series 2 Shares, whether or not consecutive and whether or not such dividends were declared and whether or not there are any monies of Northland properly applicable to the payment of such dividends. In the event of such non-payment, and for only so long as any such dividends remain in arrears, the holders of the Series 2 Shares will be entitled to receive notice of and to attend each meeting of Northland's shareholders, other than meetings at which only holders of another specified class or series are entitled to vote, and be entitled to vote together with all of the voting shares of Northland on the basis of one vote in respect of each Series 2 Share held by such holder, until all such arrears of such dividends shall have been paid, whereupon such rights shall cease.

Tax Election

Northland will elect, in the manner and within the time provided under Part VI.1 of the Tax Act, to pay or cause payment of the tax, under Part VI.1 at a rate such that the corporate holders of Series 2 Shares will not be required to pay tax under Part IV.1 of the Tax Act on dividends received on such shares.

MARKET FOR SECURITIES

Common Shares

The outstanding Common Shares of Northland are listed and posted for trading on the TSX under the trading symbol "NPI". The following table sets forth, for the period indicated, the monthly high and low trading prices and the trading volumes of the Common Shares as reported by the TSX:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
March (March 1 to 15)	\$17.890	\$17.210	1,203,137
February	\$17.830	\$16.820	2,374,565
January	\$18.080	\$16.540	2,665,621
2011			
December	\$18.000	\$16.660	2,773,521
November	\$17.040	\$16.060	2,359,878
October	\$16.670	\$15.080	2,544,986
September	\$16.450	\$15.000	3,256,860
August	\$16.500	\$14.590	3,194,066
July	\$16.770	\$15.850	1,887,895
June	\$17.200	\$15.500	3,250,890
May	\$17.340	\$15.790	2,086,013
April	\$16.350	\$15.470	2,230,102
March	\$16.100	\$14.930	3,222,355

Preferred Shares

The outstanding Series 1 Preferred Shares of Northland are listed and posted for trading on the TSX under the trading symbol "NPI.PR.A". The following table sets forth, for the period indicated, the monthly high and low trading prices and the trading volumes of the Series Preferred Shares as reported by the TSX:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
March (March 1 to 15)	\$26.100	\$25.540	18,510
February	\$25.860	\$25.350	58,910
January	\$26.530	\$25.400	47,061
2011			
December	\$25.670	\$25.230	52,958
November	\$25.590	\$25.200	76,290
October	\$25.400	\$24.580	86,021
September	\$25.660	\$25.000	56,267
August	\$25.800	\$24.730	97,850
July	\$25.840	\$25.450	61,106
June	\$25.790	\$25.250	65,497
May	\$26.170	\$25.510	95,275
April	\$25.990	\$25.450	73,327
March	\$26.080	\$25.050	65,830

Debentures

The outstanding Series A Debentures of Northland are listed and posted for trading on the TSX under the trading symbol "NPI.DB.A". The following table sets forth, for the period indicated, the monthly high and low trading prices and the trading volumes of the Series A Debentures as reported by the TSX:

<u>Period</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
2012			
March (March 1 to 15)	\$143.250	\$138.440	4,950
February	\$142.000	\$135.400	756,000
January	\$145.000	\$134.180	1,125,000
2011			
December	\$144.500	\$134.620	569,000
November	\$136.000	\$131.320	831,000
October	\$133.360	\$122.000	680,000
September	\$131.670	\$122.040	7,673,000
August	\$130.500	\$121.000	385,000
July	\$134.110	\$128.000	423,000
June	\$138.010	\$125.060	1,872,000
May	\$139.370	\$127.660	1,392,000
April	\$130.970	\$126.260	1,614,000
March	\$128.300	\$120.000	1,399,000

PLAN OF DISTRIBUTION

Northland may sell the Securities to or through underwriters or dealers, and also may sell Securities to one or more other purchasers directly, if permitted under applicable securities law, or through agents. Each Prospectus Supplement will set forth the terms of the offering, including the name or names of any underwriters or dealers, the purchase price or prices of the Securities and the proceeds to Northland from the sale of the Securities.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or negotiated prices.

Underwriters or dealers who participate in the distribution of Securities may be entitled under agreements to be entered into with Northland to indemnification by Northland against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters or dealers may be required to make in respect thereof. Such underwriters or dealers may be customers of, engage in transactions with, or perform services for, Northland in the ordinary course of business.

In connection with any offering of Securities, the underwriters or dealers may over allot or effect transactions which stabilize or maintain the market price of the Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser that acquires Securities forming part of an over-allocation position acquires such Securities under this Prospectus.

RISK FACTORS

Prospective investors in a particular offering of the Securities should carefully consider, in addition to information contained in the Prospectus Supplement relating to that offering and the information incorporated by reference herein for the purposes of the offering, the risk factor listed below and risks described in Northland's then current annual information form, as well as Northland's then current annual management's discussion and analysis and interim management's discussion and analysis, if applicable, to the extent incorporated by reference herein for the purposes of that particular offering of Securities.

No Market for the Securities

There is currently no trading market for any Preferred Shares (other than the Series 1 Shares), Debentures (other than the Series A Debentures) or Subscription Receipts that may be offered. No assurance can be given that an active or liquid trading market for these securities will develop or be sustained. If an active or liquid market for these securities fails to develop or be sustained, the prices at which the securities trade may be adversely affected. Whether or not the securities will trade at lower prices depends on many factors, including liquidity of these securities, prevailing interest rates and the markets for similar securities, the market price of the Common Shares, general economic conditions and Northland's financial condition, historic financial performance and future prospects.

LEGAL MATTERS

Certain legal matters relating to the offering of the Securities will be passed upon by Borden Ladner Gervais LLP with respect to matters on behalf of Northland.

As of March 15, 2012 the partners and associates of Borden Ladner Gervais LLP beneficially owned, directly or indirectly, less than 1% of the outstanding securities of Northland. Linda Bertoldi, a partner of Borden Ladner Gervais LLP, is a Director of Northland. If any underwriters or dealers named in a Prospectus Supplement retained their own counsel to pass upon legal matters relating to the Securities, such counsel will be named in the Prospectus Supplement.

AUDITORS

The auditors of Northland are Ernst & Young LLP, Chartered Accountants, Toronto, Ontario. To the knowledge of Northland, Ernst & Young LLP is independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

GLOSSARY OF TERMS

In this Prospectus, the following terms have the meanings set forth below unless otherwise indicated:

“\$” means Canadian dollars, unless otherwise specified.

“**AIF**” means the annual information form of Northland dated March 31, 2011 for the year ended December 31, 2010.

“**Annual Financial Statements**” means the audited consolidated financial statements of Northland for the year ended December 31, 2011.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the annual rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.80%.

“**Arrangement**” means the arrangement under the provisions of section 182 of the *Business Corporations Act* (Ontario), on the terms and conditions set forth in the plan of arrangement attached to the Articles.

“**Articles**” means the articles of arrangement of Northland, dated January 1, 2011.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada Yields.

“**Board of Directors**” means the board of directors of Northland.

“**Business Day**” means a day other than a Saturday, a Sunday or any other day that is a statutory or civic holiday in the place where the Corporation has its head office.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Class A Shares**” means the Class A shares of Northland.

“**Class B Convertible Shares**” means the Class B convertible shares of Northland.

“**Class C Convertible Shares**” means the Class C convertible shares of Northland.

“**Cochrane**” means a 42 MW biomass and natural gas-fired combined cycle facility located near Cochrane, Ontario.

“**Common Shares**” means the common shares of Northland.

“**Debenture Trustee**” means Computershare Trust Company of Canada in its role as trustee under the Indenture.

“**Debentures**” means debenture of Northland issued pursuant to the Indenture.

“**Election Notice**” means the written notice given to the Corporation by holders of Series 1 Shares or Series 2 Shares to effect the conversion of such shares.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“**Floating Quarterly Dividend Rate**” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 2.80% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“**Floating Rate Calculation Date**” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“**Frampton**” means the 24 MW wind farm project under development in Frampton, Quebec.

“**Fund**” means Northland Power Income Fund, a trust established pursuant to the laws of the Province of Ontario.

“**German Wind Farms**” means the wind farms totalling 22 MW located in eastern Germany.

“**Government of Canada Yield**” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity

of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by the Corporation, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“**Grand Bend**” means the 100 MW wind farm to be located in the Grand Bend area of Ontario.

“**Ground-Mount Solar**” means the 130 MW Ontario ground-mounted solar portfolio comprising 13 projects under development.

“**Held**” means to beneficially own or have control or direction over.

“**Indenture**” means the trust indenture between Northland and the Debenture Trustee made as of August 26, 2004 as amended, restated and supplemented from time to time.

“**Initial Fixed Rate Period**” means the initial five year period from and including July 28, 2010 to, but excluding September 30, 2015.

“**Iroquois Falls**” means the 120 MW electricity and steam generating facility located in Iroquois Falls, Ontario and all ancillary assets.

“**Jardin**” means the 127.5 MW wind farm located in the Gaspésie region of Quebec.

“**Kabinakagami**” means the four run-of-river hydro projects totalling 26 MW in development on the Kabinakagami River near Hearst, Ontario.

“**Kingston**” means the 110 MW natural-gas-fired combined cycle facility located in eastern Ontario.

“**Kirkland Lake**” means the 102 MW biomass and natural gas-fired combined cycle baseload power plant and a 30 MW natural gas-fired peaking facility located near Kirkland Lake, Ontario.

“**McLean’s Mountain**” means the 60 MW wind farm development project located on Manitoulin Island, Ontario.

“**Mount Louis**” means the 100.5 MW wind farm located in the Gaspésie region of Quebec.

“**MW**” or “**Megawatt**” means a megawatt, which is 1,000 kilowatts or 1,000,000 watts of electrical energy.

“**NI 44-101**” means National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators, as amended from time to time.

“**North Battleford**” means the 260 MW natural-gas-fired combined-cycle project under construction in northwest Saskatchewan.

“**Northland**” means Northland Power Inc.

“**NPHI**” means Northland Power Holdings Inc., a corporation incorporated under the laws of the Province of Ontario and indirectly wholly-owned by James C. Temerty, the Chair of Northland.

“**NPHI Held Common Shares**” means those Common Shares Held by NPHI and/or James C. Temerty for which NPHI has provided to the Board of Directors such reasonable evidence as the Board of Directors may require regarding the ownership of the Common Shares Held by NPHI and James C. Temerty together with an undertaking from the registered holder thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors.

“**OPA**” means the Ontario Power Authority.

“**Panda-Brandywine**” means the 230 MW combined-cycle Panda-Brandywine facility located outside Washington, D.C.

“**PPA**” means a power purchase agreement.

“**Preferred Shares**” means the preferred shares of the Corporation, issuable in a series.

“**Prospectus**” means this short form base shelf prospectus.

“**Prospectus Supplement**” means a supplement to this Prospectus setting forth the specific variable terms of any offering of Securities.

“**Quarterly Commencement Date**” means the last day of each of March, June, September and December in each year.

“**Quarterly Floating Rate Period**” means, for the initial Quarterly Floating Rate Period, the period from and including September 30, 2015 to, but excluding, December 31, 2015, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to, but excluding, the next succeeding Quarterly Commencement Date.

“**SaskPower**” means the Saskatchewan Power Corporation.

“**Securities**” means, collectively, the Common Shares, Preferred Shares, Debentures and Subscription Receipts of Northland.

“**Series 1 Conversion Date**” means September 30, 2015 and September 30 every five years thereafter.

“**Series 1 Shares**” means the Cumulative Rate Reset Preferred Shares, Series 1 of Northland.

“**Series 2 Conversion Date**” means September 30, 2020 and September 30 every five years thereafter.

“**Series 2 Shares**” means the Cumulative Floating Rate Preferred Shares, Series 2 of Northland.

“**Series A Debentures**” means the 6.25% convertible unsecured subordinated debentures, Series A of Northland due December 31, 2014.

“**Solar Projects**” means the 13 ground-mounted solar projects totalling 130 MW to be located across Ontario.

“**Spy Hill**” means the 86 MW natural-gas-fired peaking facility located in eastern Saskatchewan.

“**Subscription Receipts**” means subscription receipts of Northland.

“**Subsequent Fixed Rate Period**” means for the initial Subsequent Fixed Rate Period, the period from and including September 30, 2015 to, but excluding, September 30, 2020 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to, but excluding, September 30 in the fifth year thereafter.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder.

“**Temerty Entity**” means The Temerty Family Foundation, the spouse or child of, or the estate of, James C. Temerty.

“**Temerty Entity Held Common Shares**” means those Common Shares Held by a Temerty Entity for which NPHI has provided to the Board of Directors such reasonable evidence as the Board of Directors may require regarding the ownership of the Common Shares Held by Temerty Entities together with an undertaking from the registered owners thereof not to exercise the voting rights attached to such Common Shares in connection with the election of directors.

“**T-Bill Rate**” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on 90-day Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

“**Thorold**” means the 265 MW (nominal) natural gas-fired cogeneration facility located in Thorold, Ontario.

“**TSX**” means the Toronto Stock Exchange.

AUDITORS' CONSENT

We have read the preliminary short form base shelf prospectus of Northland Power Inc. ("**Northland**") dated March 16, 2012 relating to the sale and issue of Common Shares, Preferred Shares, Debentures and Subscription Receipts of Northland. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the Shareholders of Northland on the consolidated balance sheets as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statements of income (loss), comprehensive (loss), changes in equity and cash flows for the years ended December 31, 2011 and 2010. Our report is dated February 22, 2012.

Toronto, Ontario
March 16, 2012

(Signed) Ernst & Young LLP
Chartered Accountants
Licensed Public Accountants

CERTIFICATE OF NORTHLAND

Dated: March 16, 2012

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada.

NORTHLAND POWER INC.

(Signed) JOHN W. BRACE
Chief Executive Officer

(Signed) PAUL J. BRADLEY
Chief Financial Officer

On Behalf of the Board of Directors

(Signed) JAMES C. TEMERTY
Director

(Signed) JOHN N. TURNER
Director